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Message Text

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66
ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 L-03

TRSE-00 /036 W
---------- 090150
P R 271723Z JUN 75
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC PRIORITY 9151
INFO ALL EC CAPITALS 829
AMCONSUL HAMBURG
AMCONSUL ROTTERDAM
AMCONSUL STRASBOURG
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: ETRN, EEC
SUBJECT: EC/SWISS INLAND WATERWAY TONNAGE CAPACITY REGULATIONS

REF: A. EC BRUSSELS 5602, B. STATE 143984, C. EC BRUSSELS 5075
D. EC BRUSSELS 5176

1. BEGIN SUMMARY. NO OFFICIAL DECISIONS WERE TAKEN AT THE JUNE 23 EC/SWISS MEETING REGARDING INCLUSION OF SHIP-BORNE BARGES IN THE TEMPORARY LAYING-UP SCHEME BUT THE "ORIENTATION" IS TOWARD THEIR INCLUSION. LYKES LINES EUROPEAN VICE PRESIDENT NOW BELIEVES THE CRITICAL ELEMENT IN THIS ISSUE IS THE 400 METRIC-TON THRESHOLD WHICH MEANS EUROPEAN COMPANIES WITH LASH SYSTEM BARGES WILL NOT CONTRIBUTE TO THE SCHEME BUT LYKES, WITH THE HEAVIER SEABEE SYSTEM BARGES, WILL. WE HAVE INFORMALLY BROUGHT THIS POSSIBILITY OF DISCRIMINATORY TREATMENT TO THE ATTENTION OF A COMMISSION OFFICIAL. END SUMMARY

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2. ON JUNE 24, FISCH OF THE EC COMMISSION TRANSPORTATION DIRECTORATE GENERAL TOLD US THAT NO OFFICIAL DECISION REGARDING CONTRIBUTIONS OF SHIP-BORNE BARGES TO THE EC/SWISS SCHEME FOR LAYING UP INLAND WATERWAY BARGES WAS TAKEN AT THE

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EC/SWISS NEGOTIATING MEETING ON JUNE 23. HE SAID, HOWEVER, THAT THE ORIENTATION OF THE DISCUSSION WAS TOWARDS THEIR INCLUSION. REGARDING THE RATE OF THE CONTRIBUTION, HE SAID THAT THE TENDENCY IS TOWARD TREATING NON-MOTORIZED BARGES, INCLUDING SHIP-BORNE BARGES, MORE FAVORABLY THAN SELF-PROPELLED BARGES. THE RATE OF TAXATION ON NON-MOTORIZED BARGES WOULD BE ONE THIRD OF THAT LEVIDED ON MOTORIZED BARGES.

3. LYKES LINES VICE PRESIDENT FOR EUROPE, TOMPKINS, CALLED THE MISSION FROM THE LYKE'S OFFICE IN ANTWERP ON JUNE 24 SEEKING INFORMATION ON THE STATUS OF SHIP-BORNE BARGES' INCLUSION IN THE LAYING-UP SCHEME. WE DESCRIBED REACTIONS OF THE COMMISSION TO OUR ARGUEMENTS FOR EXCLUDING SHIP-BORNE BARGES ALONG LINES OF REF A. WE ALSO INFORMED HIM OF THE DECEMBER COUNCIL DECISION THAT VESSELS OF UNDER 400 METRIC TONS WOULD NOT HAVE TO CONTRIBUTE TO THE SCHEME (SEE REFS C AND D). HE WAS UNAWARE OF THIS DECISION.

4. TOMPKINS REACTED STRONGLY TO THE WEIGHT THRESHOLD. HE SAID THE EUROPEAN SHIP-BORNE BARGE LINES, WHICH USE LASH BARGES THAT WILL EVENTUALLY BE EXCLUDED, HAD "PULLED A FAST ONE." THEY, ALONG WITH LYKES, HAD BEEN ENCOURAGING THEIR RESPECTIVE GOVERNMENTS (DUTCH, BRITISH, GERMAN) TO SEEK EXCLUSION FOR ALL SHIP-BORNE BARGES. HE BELIEVES THEY SHIFTED THEIR POSITION AND PERSUADED THEIR GOVERNMENTS TO ACCEPT A 400-METRIC TON THRESHOLD WHICH MEANS THAT ONLY THE US FLAG LINE (LYKES) WHICH USES THE HEAVIER SEABEES WILL HAVE TO CONTRIBUTE TO THE SCHEME AFTER THE TRANSITION PERIOD. HIS ARGUEMENT NOW IS THAT (A) ALL SHIP-BORNE BARGE LINES ARE IN DIRECT, AND TOUGH COMPETITION WITH EACH OTHER FOR A NARROW SECTOR OF THE MARINE TRANSPORTATION MARKET, AND (B) CREATING A WEIGHT THRESHOLD WHICH RESULTS IN MAKING ONLY US FLAG LINES CONTRIBUTE TO THE SCHEME IS CLEARLY DISCRIMINATORY.

5. THE MISSION ANTICIPATED THIS LINE OF REASONING IN REF C BUT DID NOT DEVELOP IT IN THE MEETING WITH THE COMMISSION (SEE REF A) BECAUSE WE WERE STILL ARGUING ON THE BASIS OF
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EARLIER INSTRUCTIONS WHOSE RATIONALE SOUGHT DIFFERENTIAL TREATMENT FOR SHIP-BORNE BARGES IN GENERAL. ON A PERSONAL BASIS WE HAVE TOLD FISCH THAT IT WILL LOOK STRANGE IN WASHINGTON TO HAVE A THRESHOLD PUT AT A LEVEL WHERE ONLY US FLAG LINES WILL BE TAXED AFTER THE TRANSITION PERIOD. HE TOOK THE POINT AND WILL BE RAISING IT WITH COMMISSION OFFICIALS.
GREENWALD

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